

Public Law 196

CHAPTER 438

AN ACT

Relating to revisions of the executive agreement concerning trade and related matters entered into by the President of the United States and the President of the Philippines on July 4, 1946.

August 1, 1955
[H. R. 6059]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Philippine Trade
Agreement Revi-
sion Act of 1955.

TITLE I—SHORT TITLE AND DEFINITION

SECTION 1. SHORT TITLE.

This Act may be cited as the “Philippine Trade Agreement Revision Act of 1955”.

SEC. 2. REVISED AGREEMENT DEFINED.

For purposes of this Act, the term “revised agreement” means the executive agreement concerning trade and related matters entered into by the President of the United States and the President of the Philippines on July 4, 1946, as such executive agreement is revised pursuant to the authority contained in section 201 of this Act.

61 Stat. pt. 3,
p. 2611.

TITLE II—REVISION OF TRADE AGREEMENT WITH
THE REPUBLIC OF THE PHILIPPINES

SEC. 201. AUTHORITY TO REVISE THE 1946 AGREEMENT.

In order to make revisions proposed by the delegations of the Governments of the United States of America and of the Republic of the Philippines in the “Final Act of Negotiations Relative to Revision of the 1946 Trade Agreement Between the United States of America and the Republic of the Philippines” signed at Washington, December 15, 1954, as corrected, the President of the United States is hereby authorized to enter into an agreement with the President of the Philippines revising the executive agreement concerning trade and related matters entered into by the President of the United States and the President of the Philippines on July 4, 1946, so that such executive agreement, as so revised, will read as follows:

“AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF THE PHILIPPINES CONCERNING TRADE AND RELATED MATTERS DURING A TRANSITIONAL PERIOD FOLLOWING THE INSTITUTION OF PHILIPPINE INDEPENDENCE, SIGNED AT MANILA ON JULY 4, 1946, AS REVISED

“The President of the United States of America and the President of the Republic of the Philippines, mindful of the close economic ties between the people of the United States and the people of the Philippines during many years of intimate political relations, and desiring to enter into an agreement in keeping with their long friendship, which will be mutually beneficial to the two peoples and will strengthen the economy of the Philippines so as to enable that Republic to contribute more effectively to the peace and prosperity of the free world, have agreed to the following Articles:

"ARTICLE I

"1. The ordinary customs duty to be collected on United States articles as defined in Subparagraph (e) of Paragraph 1 of the Protocol, which during the following portions of the period from January 1, 1956, to July 3, 1974, both dates inclusive, are entered, or withdrawn from warehouse, in the Philippines for consumption, shall be determined by applying the following percentages of the Philippine duty as defined in Subparagraph (h) of Paragraph 1 of the Protocol:

"(a) During the period from January 1, 1956, to December 31, 1958, both dates inclusive, twenty-five per centum.

"(b) During the period from January 1, 1959, to December 31, 1961, both dates inclusive, fifty per centum.

"(c) During the period from January 1, 1962, to December 31, 1964, both dates inclusive, seventy-five per centum.

"(d) During the period from January 1, 1965, to December 31, 1973, both dates inclusive, ninety per centum.

"(e) During the period from January 1, 1974, to July 3, 1974, both dates inclusive, one hundred per centum.

"2. The ordinary customs duty to be collected on Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol, other than those specified in the Schedule to Paragraph 2 of Article II, which during such portions of such period are entered, or withdrawn from warehouse, in the United States for consumption, shall be determined by applying the following percentages of the United States duty as defined in Subparagraph (g) of Paragraph 1 of the Protocol:

"(a) During the period from January 1, 1956, to December 31, 1958, both dates inclusive, five per centum.

"(b) During the period from January 1, 1959, to December 31, 1961, both dates inclusive, ten per centum.

"(c) During the period from January 1, 1962, to December 31, 1964, both dates inclusive, twenty per centum.

"(d) During the period from January 1, 1965, to December 31, 1967, both dates inclusive, forty per centum.

"(e) During the period from January 1, 1968, to December 31, 1970, both dates inclusive, sixty per centum.

"(f) During the period from January 1, 1971, to December 31, 1973, both dates inclusive, eighty per centum.

"(g) During the period from January 1, 1974, to July 3, 1974, both dates inclusive, one hundred per centum.

"3. Customs duties on United States articles, and on Philippine articles, other than ordinary customs duties, shall be determined without regard to the provisions of Paragraphs 1 and 2 of this Article, but shall be subject to the provisions of Paragraph 4 of this Article.

"4. With respect to United States articles imported into the Philippines, and with respect to Philippine articles imported into the United States, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles. As used in this Paragraph, the term 'duty' includes taxes, fees, charges, or exactions, imposed on or in connection with importation, but does not include internal taxes or ordinary customs duties.

"5. With respect to products of the United States which do not come within the definition of United States articles, imported into the Philippines, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign

country, or collected or paid in any amount if the duty is not imposed with respect to such like articles which are the product of any other foreign country. As used in this Paragraph the term 'duty' includes taxes, fees, charges, or exactions, imposed on or in connection with importation, but does not include internal taxes.

"6. With respect to products of the Philippines, which do not come within the definition of Philippine articles, imported into the United States, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country (except Cuba), or collected or paid in any amount if the duty is not imposed with respect to such like articles which are the product of any other foreign country (except Cuba). As used in this Paragraph the term 'duty' includes taxes, fees, charges, or exactions, imposed on or in connection with importation, but does not include internal taxes.

"7. Notwithstanding the provisions of Paragraph 1 of this Article, the Philippines shall impose a temporary special import tax, in lieu of the present tax on the sale of foreign exchange, on any article or product imported or brought into the Philippines, irrespective of source; provided that such special levy is applied in a non-discriminatory manner pursuant to Paragraphs 4 and 5 of this Article, that the initial tax is at a rate no higher than the present rate of the foreign exchange tax, and that the tax shall be progressively reduced at a rate no less rapid than that specified in the following Schedule. If, as a result of applying this Schedule, the total revenue from Philippine customs duties and from the special import tax on goods coming from the United States is less in any calendar year than the proceeds from the exchange tax on such goods during the calendar year 1955, no reduction need be made in the special import tax for the next succeeding calendar year, and, if necessary to restore revenues collected on the importation of United States goods to the level of the exchange tax on such goods in calendar year 1955, the Philippines may increase the rate for such succeeding calendar year to any previous level provided for in this Schedule which is considered to be necessary to restore such revenues to the amount collected from the exchange tax on United States goods in calendar year 1955. Rates for the special import levy in subsequent years shall be fixed in accordance with the schedules specified in this Article, except as the Philippine Government may determine that higher rates are necessary to maintain the above-mentioned level of revenues from the importation of United States goods. In this event, such rate shall be determined by the Philippine Government, after consultation with the United States Government, at a level of the Schedule calculated to cover any anticipated deficiency arising from the operation of this provision.

"SCHEDULE FOR REDUCING SPECIAL IMPORT TAX

- "(a) After December 31, 1956, ninety per centum.
- "(b) After December 31, 1957, eighty per centum.
- "(c) After December 31, 1958, seventy per centum.
- "(d) After December 31, 1959, sixty per centum.
- "(e) After December 31, 1960, fifty per centum.
- "(f) After December 31, 1961, forty per centum.
- "(g) After December 31, 1962, thirty per centum.
- "(h) After December 31, 1963, twenty per centum.
- "(i) After December 31, 1964, ten per centum.
- "(j) On and after January 1, 1966, nil.

"ARTICLE II

"1. During the period from January 1, 1956, to December 31, 1973, both dates inclusive, the total amount of the articles falling within one of the classes specified in Items A and A-1 of the Schedule to this Paragraph, which are Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol, and which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed the amounts specified in such Schedule as to each class of articles. During the period from January 1, 1956, to December 31, 1973, both dates inclusive, the total amount of the articles falling within the class specified in Item B of the Schedule to this Paragraph which are the product of the Philippines, and which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed the amount specified in such Schedule as to such class of articles. During the period from January 1, 1974, to July 3, 1974, both dates inclusive, the total amounts referred to in the preceding sentences of this Paragraph shall not exceed one-half of the amount specified in such Schedule with respect to each class of articles, respectively. The establishment herein of the limitations on the amounts of Philippine raw and refined sugar that may be entered, or withdrawn from warehouse, in the United States for consumption, shall be without prejudice to any increases which the Congress of the United States might allocate to the Philippines in the future. The following Schedule to Paragraph 1 shall constitute an integral part thereof:

"SCHEDULE OF ABSOLUTE QUOTAS

"Item	Classes of Articles	Amounts
A	Sugars	952,000 short tons
A-1	of which not to exceed----- may be refined sugars, meaning 'direct-consumption sugar' as defined in Section 101 of the Sugar Act of 1948, as amended, of the United States which is set forth in part as Annex I to this Agreement.	56,000 short tons
B	Cordage, including yarns, twines (including binding twine described in Paragraph 1622 of the Tariff Act of 1930 of the United States, as amended, which is set forth as Annex II to this Agreement), cords, cordage, rope, and cable, tarred or untarred, wholly or in chief value of manila (abaca) or other hard fiber.	6,000,000 lbs.

"2. Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol falling within one of the classes specified in the items included in the Schedule to this Paragraph, which, during the following portions of the period from January 1, 1956, to December 31, 1973, both dates inclusive, are entered, or withdrawn from warehouse, in the United States for consumption, shall be free of ordinary customs duty, in quantities determined by applying the following percentages to the amounts specified in such Schedule as to each such class of articles:

"(a) During each of the calendar years 1956 to 1958, inclusive, ninety-five per centum.

"(b) During each of the calendar years 1959 to 1961, inclusive, ninety per centum.

"(c) During each of the calendar years 1962 to 1964, inclusive, eighty per centum.

"(d) During each of the calendar years 1965 to 1967, inclusive, sixty per centum.

"(e) During each of the calendar years 1968 to 1970, inclusive, forty per centum.

“(f) During each of the calendar years 1971 to 1973, inclusive, twenty per centum.

“(g) On and after January 1, 1974, nil.

The following Schedule to Paragraph 2 shall constitute an integral part thereof:

“SCHEDULE OF TARIFF QUOTAS

“Item	Classes of Articles	Amounts
A	Cigars (exclusive of cigarettes, cheroots of all kinds, and paper cigars and cigarettes, including wrappers).	200,000,000 cigars
B	Scrap tobacco, and stemmed and unstemmed filler tobacco described in Paragraph 602 of the Tariff Act of 1930 of the United States, as amended, which is set forth as Annex III to this Agreement.	6,500,000 lbs.
C	Coconut oil	200,000 long tons
D	Buttons of pearl or shell	850,000 gross

The quantities shown in the Schedule to this Paragraph represent base quantities for the purposes of computing the tariff-free quota and are not absolute quotas. Any such Philippine article so entered, or withdrawn from warehouse, in excess of the duty-free quota provided in this Paragraph shall be subject to one hundred per centum of the United States duty as defined in Subparagraph (g) of Paragraph 1 of the Protocol.

“ARTICLE III

“1. Except as otherwise provided in Article II or in Paragraph 2 of this Article, neither country shall impose restrictions or prohibitions on the importation of any article of the other country, or on the exportation of any article to the territories of the other country, unless the importation of the like article of, or the exportation of the like article to, all third countries is similarly restricted or prohibited. If either country imposes quantitative restrictions on the importation or exportation of any article in which the other country has an important interest and if it makes allotments to any third country, it shall afford such other country a share proportionate to the amount of the article, by quantity or value, supplied by or to it during a previous representative period, due consideration being given to any special factors affecting the trade in such article.

“2. (a) Notwithstanding the provisions of Paragraph 1 of this Article, with respect to quotas on United States articles as defined in Subparagraph (e) of Paragraph 1 of the Protocol or with respect to quotas on Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol (other than the articles for which quotas are provided in Paragraph 1 of Article II) a quota may be established only if—

“(1) The President of the country desiring to impose the quota, after investigation, finds and proclaims that, as the result of preferential treatment accorded pursuant to this Agreement, any article of the other country is being imported in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or directly competitive articles; or

“(2) The President of the country desiring to impose the quota finds that such action is necessary to forestall the imminent threat of, or to stop, a serious decline in its monetary reserves, or, in the event its monetary reserves are very low, to achieve a reasonable rate of increase in its reserves.

“(b) Any quota imposed for any twelve-month period under (a) (1) above for the purpose of protecting domestic industry shall not be less than the amount determined by the President of the importing country as the total amount of the articles of such class which, during

the twelve months preceding entry into effect of the quota, was entered, or withdrawn from warehouse, for consumption, after deduction of the amount by which he finds domestic production can be increased during the twelve-month period of the quota; or if the quota is established for any period other than a twelve-month period, it shall not be less than a proportionate amount.

“(c) Each Party agrees not to apply restrictions so as to prevent unreasonably the importation of any description of goods in minimum commercial quantities, the exclusion of which would seriously impair regular channels of trade, or restrictions which would prevent the importation of commercial samples, or prevent compliance with patent, trademark, copyright, or similar procedures.

“(d) Any quota established pursuant to this Paragraph shall not continue in effect longer than necessary to achieve the purposes for its imposition, at which time the President of the country imposing the quota, following investigation, shall find and proclaim that the conditions which gave rise to the establishment of such quota no longer exist.

“3. Either country taking action pursuant to the provisions of this Article shall give notice to the other country as far in advance as may be practicable, and shall afford it an opportunity to consult in respect of the proposed action. It is understood that this right of consultation does not imply that the consent of the other country to the establishment of the quota is needed in order for the quota to be put into effect.

“ARTICLE IV

“1. With respect to articles which are products of the United States coming into the Philippines, or with respect to articles manufactured in the Philippines wholly or in part from such articles, no internal tax shall be—

“(a) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of the Philippines, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles;

“(b) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles. Where an internal tax is imposed with respect to an article which is the product of a foreign country to compensate for an internal tax imposed (1) with respect to a like article which is the product of the Philippines, or (2) with respect to materials used in the production of a like article which is the product of the Philippines, if the amount of the internal tax which is collected and paid with respect to the article which is the product of the United States is not in excess of that permitted by Paragraph 1 (b) of Article IV such collection and payment shall not be regarded as in violation of the first sentence of this Paragraph.

“2. With respect to articles which are products of the Philippines coming into the United States, or with respect to articles manufactured in the United States wholly or in part from such articles, no internal tax shall be—

“(a) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of the United States, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles;

“(b) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of

any other foreign country, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles. Where an internal tax is imposed with respect to an article which is the product of a foreign country to compensate for an internal tax imposed (1) with respect to a like article which is the product of the United States, or (2) with respect to materials used in the production of a like article which is the product of the United States, if the amount of the internal tax which is collected and paid with respect to the article which is the product of the Philippines is not in excess of that permitted by Paragraph 2 (b) of Article IV such collection and payment shall not be regarded as in violation of the first sentence of this Paragraph. This Paragraph shall not apply to the taxes imposed under Sections 4591, 4812, or 4831 of the Internal Revenue Code of the United States which are set forth in part as Annexes IV, V, and VI of this Agreement.

"3. No processing tax or other internal tax shall be imposed or collected in the United States or in the Philippines with respect to articles coming into such country for the official use of the Government of the Philippines or of the United States, respectively, or any department or agency thereof.

"4. No processing tax or other internal tax shall be imposed or collected in the United States with respect to manila (abaca) fiber not dressed or manufactured in any manner.

"5. The United States will not reduce the preference of two cents per pound provided in Section 4513 of the Internal Revenue Code of the United States (relating to processing taxes on coconut oil, etc.), which is set forth as Annex VII to this Agreement, with respect to articles 'wholly the production of the Philippine Islands' or articles 'produced wholly from materials the growth or production of the Philippine Islands'; except that it may suspend the provisions of Section 4511 (b) of the Internal Revenue Code of the United States during any period as to which the President of the United States, after consultation with the President of the Philippines, finds that adequate supplies of neither copra nor coconut oil, the product of the Philippines, are readily available for processing in the United States.

"ARTICLE V

"The Republic of the Philippines will take the necessary legislative and executive actions, prior to or at the time of the entry into force of the revisions of this Agreement authorized by the Congress of the United States and the Congress of the Philippines in 1955, to enact and implement legislation similar to that already enacted by the Congress of the United States as Public Law 419, 83rd Congress, Chapter 323, 2d Session, to facilitate the entry of Philippine traders.

68 Stat. 264.
8 USC 1184a.

"ARTICLE VI

"1. The disposition, exploitation, development, and utilization of all agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum and other mineral oils, all forces and sources of potential energy, and other natural resources of either Party, and the operation of public utilities, shall, if open to any person, be open to citizens of the other Party and to all forms of business enterprise owned or controlled, directly or indirectly, by citizens of such other Party in the same manner as to and under the same conditions imposed upon citizens or corporations or associations owned or controlled by citizens of the Party granting the right.

"2. The rights provided for in Paragraph 1 may be exercised, in the case of citizens of the Philippines with respect to natural resources in the United States which are subject to Federal control or regulations, only through the medium of a corporation organized under the laws of the United States or one of the States thereof and likewise, in the case of citizens of the United States with respect to natural resources in the public domain in the Philippines, only through the medium of a corporation organized under the laws of the Philippines and at least 60% of the capital stock of which is owned or controlled by citizens of the United States. This provision, however, does not affect the right of citizens of the United States to acquire or own private agricultural lands in the Philippines or citizens of the Philippines to acquire or own land in the United States which is subject to the jurisdiction of the United States and not within the jurisdiction of any State and which is not within the public domain. The Philippines reserves the right to dispose of its public lands in small quantities on especially favorable terms exclusively to actual settlers or other users who are its own citizens. The United States reserves the right to dispose of its public lands in small quantities on especially favorable terms exclusively to actual settlers or other users who are its own citizens or aliens who have declared their intention to become citizens. Each Party reserves the right to limit the extent to which aliens may engage in fishing or engage in enterprises which furnish communications services and air or water transport. The United States also reserves the right to limit the extent to which aliens may own land in its outlying territories and possessions, but the Philippines will extend to American nationals who are residents of any of those outlying territories and possessions only the same rights, with respect to ownership of lands, which are granted therein to citizens of the Philippines. The rights provided for in this Paragraph shall not, however, be exercised by either Party so as to derogate from the rights previously acquired by citizens or corporations or associations owned or controlled by citizens of the other Party.

"3. The United States of America reserves the rights of the several States of the United States to limit the extent to which citizens or corporations or associations owned or controlled by citizens of the Philippines may engage in the activities specified in this Article. The Republic of the Philippines reserves the power to deny any of the rights specified in this Article to citizens of the United States who are citizens of States, or to corporations or associations at least 60% of whose capital stock or capital is owned or controlled by citizens of States, which deny like rights to citizens of the Philippines, or to corporations or associations which are owned or controlled by citizens of the Philippines. The exercise of this reservation on the part of the Philippines shall not affect previously acquired rights, provided that in the event that any State of the United States of America should in the future impose restrictions which would deny to citizens or corporations or associations owned or controlled by citizens of the Philippines the right to continue to engage in activities in which they were engaged therein at the time of the imposition of such restrictions, the Republic of the Philippines shall be free to apply like limitations to the citizens or corporations or associations owned or controlled by citizens of such States.

"ARTICLE VII

"1. The Republic of the Philippines and the United States of America each agrees not to discriminate in any manner, with respect to their engaging in business activities, against the citizens or any form of business enterprise owned or controlled by citizens of the

other and that new limitations imposed by either Party upon the extent to which aliens are accorded national treatment with respect to carrying on business activities within its territories, shall not be applied as against enterprises owned or controlled by citizens of the other Party which are engaged in such activities therein at the time such new limitations are adopted, nor shall such new limitations be applied to American citizens or corporations or associations owned or controlled by American citizens whose States do not impose like limitations on citizens or corporations or associations owned or controlled by citizens of the Republic of the Philippines.

"2. The United States of America reserves the rights of the several States of the United States to limit the extent to which citizens or corporations or associations owned or controlled by citizens of the Philippines may engage in any business activities. The Republic of the Philippines reserves the power to deny any rights to engage in business activities to citizens of the United States who are citizens of States, or to corporations or associations at least 60% of the capital stock or capital of which is owned or controlled by citizens of States, which deny like rights to citizens of the Philippines or to corporations or associations owned or controlled by citizens of the Philippines. The exercise of this reservation on the part of the Philippines shall not affect previously acquired rights, provided that in the event that any State of the United States of America should in the future impose restrictions which would deny to citizens or corporations or associations owned or controlled by citizens of the Philippines the right to continue to engage in business activities in which they were engaged therein at the time of the imposition of such restrictions, the Republic of the Philippines shall be free to apply like limitations to the citizens or corporations or associations owned or controlled by citizens of such States.

"ARTICLE VIII

"Nothing in this Agreement shall be construed:

"(1) to require either Party to furnish any information the disclosure of which it considers contrary to its essential security interests; or

"(2) to prevent either Party from taking any action which it considers necessary for the protection of its essential security interests—

"(a) relating to fissionable materials or the materials from which they are derived;

"(b) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;

"(c) taken in time of war or other emergency in international relations; or

"(3) to prevent either Party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

"ARTICLE IX

"1. Upon the taking effect of this Agreement, and upon the taking effect of the revisions thereof authorized by the Congress of the United States and the Congress of the Philippines in 1955, the provisions placing obligations on the United States: (a) if in effect as laws of the United States at the time of such taking effect, shall continue in effect as laws of the United States during the effectiveness of the Agreement;

or (b) if not so in effect, shall take effect and continue in effect as laws of the United States during the effectiveness of the Agreement. The Philippines will continue in effect as laws of the Philippines, during the effectiveness of this Agreement, the provisions thereof placing obligations on the Philippines.

"2. The United States and the Philippines will promptly enact, and shall keep in effect during the effectiveness of this Agreement, such legislation as may be necessary to supplement the laws of the United States and the Philippines, respectively, referred to in Paragraph 1 of this Article, and to implement the provisions of such laws and the provisions of this Agreement placing obligations on the United States and the Philippines, respectively.

"ARTICLE X

"The United States and the Philippines agree to consult with each other with respect to any questions as to the interpretation or the application of this Agreement, concerning which either Government may make representations to the other. Not later than July 1, 1971, the United States and the Philippines agree to consult with each other as to joint problems which may arise as a result or in anticipation of the termination of this Agreement.

"ARTICLE XI

"1. This Agreement shall have no effect after July 3, 1974. It may be terminated by either the United States or the Philippines at any time, upon not less than five years' written notice. If the President of the United States or the President of the Philippines determines and proclaims that the other country has adopted or applied measures or practices which would operate to nullify or impair any right or obligation provided for in this Agreement, then the Agreement may be terminated upon not less than six months' written notice.

"2. The revisions of this Agreement authorized by the Congress of the United States and the Congress of the Philippines in 1955 shall enter into force on January 1, 1956.

"PROTOCOL TO ACCOMPANY THE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF THE PHILIPPINES CONCERNING TRADE AND RELATED MATTERS DURING A TRANSITIONAL PERIOD FOLLOWING THE INSTITUTION OF PHILIPPINE INDEPENDENCE, SIGNED AT MANILA ON JULY 4, 1946, AS REVISED

"The undersigned duly empowered Plenipotentiaries have agreed to the following Protocol to the Agreement between the United States of America and the Republic of the Philippines concerning trade and related matters during a transitional period following the institution of Philippine Independence, signed at Manila on July 4, 1946, as revised, which shall constitute an integral part of the Agreement:

"1. For the purpose of the Agreement—

"(a) The term 'person' includes partnerships, corporations, and associations.

"(b) The term 'United States' means the United States of America and, when used in a geographical sense, means the States, the District of Columbia, the Territories of Alaska and Hawaii, and Puerto Rico.

“(c) The term ‘Philippines’ means the Republic of the Philippines and, when used in a geographical sense, means the territories of the Republic of the Philippines, whether a particular act in question took place, or a particular situation in question existed, within such territories before or after the institution of the Republic of the Philippines. As used herein the territories of the Republic of the Philippines comprise all the territories specified in Section 1 of Article I of the Constitution of the Philippines which is set forth as Annex X to this Agreement.

“(d) The term ‘ordinary customs duty’ means a customs duty based on the article as such (whether or not such duty is also based in any manner on the use, value, or method of production of the article, or on the amount of like articles imported, or on any other factor); but does not include—

“(1) A customs duty based on an act or omission of any person with respect to the importation of the article, or of the country from which the article is exported, or from which it comes; or

“(2) A countervailing duty imposed to offset a subsidy, bounty, or grant; or

“(3) An anti-dumping duty imposed to offset the selling of merchandise for exportation at a price less than the prevailing price in the country of export; or

“(4) Any tax, fee, charge, or exaction, imposed on or in connection with importation unless the law of the country imposing it designates or imposes it as a customs duty or contains a provision to the effect that it shall be treated as a duty imposed under the customs laws; or

“(5) The tax imposed by Section 4581 of the Internal Revenue Code of the United States, which is set forth as Annex VIII to this Agreement, with respect to an article, merchandise, or combination, ten per centum or more of the quantity by weight of which consists of, or is derived directly or indirectly from, one or more of the oils, fatty acids, or salts specified in Section 4511 of such Code which is set forth as Annex VII to this Agreement; or the tax imposed by Section 4501 (b) of such Code which is set forth as Annex IX to this Agreement.

“(e) The term ‘United States article’ means an article which is the product of the United States, unless, in the case of an article produced with the use of materials imported into the United States from any foreign country (except the Philippines) the aggregate value of such imported materials at the time of importation into the United States was more than twenty per centum of the value of the article imported into the Philippines, the value of such article to be determined in accordance with, and as of the time provided by, the customs laws of the Philippines in effect at the time of importation of such article. As used in this Subparagraph the term ‘value’, when used in reference to a material imported into the United States, includes the value of the material ascertained under the customs laws of the United States in effect at the time of importation into

the United States, and, if not included in such value, the cost of bringing the material to the United States, but does not include the cost of landing it at the port of importation, or customs duties collected in the United States. For the purposes of this Subparagraph any imported material, used in the production of an article in the United States, shall be considered as having been used in the production of an article subsequently produced in the United States, which is the product of a chain of production in the United States in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article. It is understood that 'United States articles' do not lose their status as such, for the purpose of Philippine tariff preferences, by reason of being imported into the Philippines from a country other than the United States or from an insular possession of the United States or by way of or via such a country or insular possession.

"(f) The term 'Philippine article' means an article which is the product of the Philippines, unless, in the case of an article produced with the use of materials imported into the Philippines from any foreign country (except the United States) the aggregate value of such imported materials at the time of importation into the Philippines was more than twenty per centum of the value of the article imported into the United States, the value of such article to be determined in accordance with, and as of the time provided by, the customs laws of the United States in effect at the time of importation of such article. As used in this Subparagraph the term 'value', when used in reference to a material imported into the Philippines, includes the value of the material ascertained under the customs laws of the Philippines in effect at the time of importation into the Philippines, and, if not included in such value, the cost of bringing the material to the Philippines, but does not include the cost of landing it at the port of importation, or customs duties collected in the Philippines. For the purposes of this Subparagraph any imported material, used in the production of an article in the Philippines, shall be considered as having been used in the production of an article subsequently produced in the Philippines, which is the product of a chain of production in the Philippines in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article. It is understood that 'Philippine articles' do not lose their status as such, for the purpose of United States tariff preferences, by reason of being imported into the United States from a country other than the Philippines or from an insular possession of the United States or by way of or via such a country or insular possession.

"(g) The term 'United States duty' means the rate or rates of ordinary customs duty which (at the time and place of entry, or withdrawal from warehouse, in the United States for consumption, of the Philippine article) would

be applicable to a like article if imported from that foreign country which is entitled to the lowest rate, or the lowest aggregate of rates, of ordinary customs duty with respect to such like article.

“(h) The term ‘Philippine duty’ means the rate or rates of ordinary customs duty which (at the time and place of entry, or withdrawal from warehouse, in the Philippines for consumption, of the United States article) would be applicable to a like article if imported from that foreign country which is entitled to the lowest rate, or the lowest aggregate of rates, of ordinary customs duty with respect to such like article.

“(i) The term ‘internal tax’ includes an internal fee, charge, or exaction, and includes—

“(1) The tax imposed by Section 4581 of the Internal Revenue Code of the United States which is set forth as Annex VIII to this Agreement, with respect to an article, merchandise, or combination, ten per centum or more of the quantity by weight of which consists of, or is derived directly or indirectly from, one or more of the oils, fatty acids, or salts specified in Section 4511 of such Code which is set forth as Annex VII to this Agreement; and the tax imposed by Section 4501 (b) of such Code which is set forth as Annex IX to this Agreement; and

“(2) Any other tax, fee, charge, or exaction, imposed on or in connection with importation unless the law of the country imposing it designates or imposes it as a customs duty or contains a provision to the effect that it shall be treated as a duty imposed under the customs laws.

“2. For the purposes of Subparagraphs (g) and (h) of Paragraph 1 of this Protocol—

“(a) If an article is entitled to be imported from a foreign country free of ordinary customs duty, that country shall be considered as the country entitled to the lowest rate of ordinary customs duty with respect to such article; and

“(b) A reduction in ordinary customs duty granted any country, by law, treaty, trade agreement, or otherwise, with respect to any article, shall be converted into the equivalent reduction in the rate of ordinary customs duty otherwise applicable to such article.

“3. For the purposes of Paragraphs 1 and 2 of Article IV, any material, used in the production of an article, shall be considered as having been used in the production of an article subsequently produced, which is the product of a chain of production in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article.

“4. The terms ‘includes’ and ‘including’ when used in a definition contained in this Agreement shall not be deemed to exclude other things otherwise within the meaning of the term defined.”

SEC. 202. MODIFICATION OF TEXT OF REVISED AGREEMENT.

The text of the revised agreement which is set forth in section 201 may be modified before the agreement authorized by such section is signed, but only—

(1) to the extent necessary (A) to correct errors, (B) to correct

references to laws, or (C) to reflect action taken by the Republic of the Philippines with respect to article V of such agreement; or (2) if such modifications are merely changes of style.

TITLE III—MISCELLANEOUS

SEC. 301. PROCLAMATION; EFFECTIVE DATE OF TITLE.

(a) PROCLAMATION.—If the agreement authorized by section 201 has been entered into before January 1, 1956, the President of the United States shall so proclaim, and the revised agreement shall be effective in the United States in accordance with its terms.

(b) EFFECTIVE DATE OF TITLE.—The provisions of this title (other than this section) shall take effect on January 1, 1956, but only if the President of the United States has made the proclamation referred to in subsection (a).

SEC. 302. PHILIPPINE TRADE ACT OF 1946.

60 Stat. 141.
22 USC 1251
note.

The Philippine Trade Act of 1946 (except section 506 (a) relating to termination of payments into Philippine Treasury, and except amendments and repeals made by such Act) shall not apply during such time as the revised agreement is in effect.

SEC. 303. QUOTAS ON PHILIPPINE ARTICLES.

The rights reserved to the United States by paragraph 2 of article III of the revised agreement shall be exercised by the President, subject to the terms and conditions contained in such article. The President is authorized to prescribe such procedures and regulations for carrying out his functions as he may deem appropriate. Quotas shall be established pursuant to such article III by proclamation of the President, shall be effective for such period or periods as the President shall specify in his proclamation, and shall terminate upon finding and proclamation of the President in accordance with paragraph (2) (d) of such article III.

SEC. 304. SUSPENSION OF 2 CENTS PER POUND ADDITIONAL PROCESSING TAX ON COCONUT OIL.

68A Stat. 536.
26 USC 4511(b).

The authority contained in paragraph 5 of article IV of the revised agreement to suspend the provisions of section 4511 (b) of the Internal Revenue Code of 1954 may be exercised by the President by proclamation.

SEC. 305. TRADE AGREEMENTS WITH THE REPUBLIC OF THE PHILIPPINES.

48 Stat. 943.
19 USC 1351.

Until July 4, 1974, no trade agreement shall be entered into with the Republic of the Philippines under section 350, as amended, of the Tariff Act of 1930, which is inconsistent with this Act or with the revised agreement, unless, prior to such time, the revised agreement has been terminated.

SEC. 306. RIGHTS OF THIRD COUNTRIES.

The benefits granted by this Act, and by the revised agreement, to the Republic of the Philippines, Philippine articles or products, and Philippine citizens, shall not, by reason of any provision of any treaty or agreement existing on the date of the enactment of this Act with any third country, be extended to such country or its products, citizens, or subjects.

SEC. 307. ADMINISTRATION OF REVISED AGREEMENT.

The provisions of articles I, II, III, and IV of the revised agreement which are in effect in the United States which relate to customs or internal revenue matters shall be administered as parts of the customs and internal revenue laws of the United States.

SEC. 308. TECHNICAL AMENDMENT.

Section 9 of the Act of March 2, 1917, as amended (48 U. S. C., sec. 734), is hereby amended by inserting after "the Philippine Trade Act of 1946" the following: "or the Philippine Trade Agreement Revision Act of 1955".

Approved August 1, 1955.

60 Stat. 158.

Public Law 197

CHAPTER 439

AN ACT

To provide for the relief of certain members of the Army, Navy, and Air Force, and for other purposes.

August 1, 1955
[H.R. 3560]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That all payments of station per diem allowances heretofore made to commissioned officers and warrant officers of the Army, Navy, and Air Force permanently stationed at Fort Richardson, Alaska, or Elmendorf Air Force Base, Alaska, after January 31, 1949, and before October 13, 1950, for service at Fort Richardson, Alaska, or Elmendorf Air Force Base, Alaska, are validated to the extent that those station per diem allowances were paid, because the military department concerned determined that no Government mess was available to those commissioned officers and warrant officers under regulations promulgated pursuant to section 12 of the Act of June 16, 1942 (ch. 413, 56 Stat. 364), as amended by section 203 of the Act of August 2, 1946 (ch. 756, 60 Stat. 859). Any commissioned officer or warrant officer who has made a repayment to the United States of the amount so paid to him as station per diem allowances is entitled to be paid the amount involved, if otherwise proper.

Armed Forces.
Validation of
certain station-
allowance pay-
ments.

37 USC 112 note.

SEC. 2. The Comptroller General of the United States, or his designee, shall relieve disbursing officers, including special disbursing agents, of the Army, Navy, and Air Force from accountability or responsibility for any payments described in section 1 of this Act, and shall allow credits in the settlement of the accounts of those officers or agents for payments which are found to be free from fraud and collusion.

SEC. 3. Appropriations available to the military department concerned for the pay and allowances of military personnel are available for payments under this Act.

Approved August 1, 1955.

Public Law 198

CHAPTER 440

AN ACT

To amend subsection (e) of section 1 of title 5 of the District of Columbia Revenue Act of 1937, as amended.

August 1, 1955
[H.R. 2406]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (e) of section 1 of title 5 of the District of Columbia Revenue Act of 1937, as amended (47 D. C. Code, sec. 1601), is amended to read as follows:

"(e) Property transferred exclusively for public or municipal purposes, to the United States or the District of Columbia, or exclusively for charitable, educational, or religious purposes, shall be exempt from any and all taxation under the provisions of this section."

Approved August 1, 1955.

D. C. taxes.

50 Stat. 683.

Exemption.